

Transportation Equipment, Inc.

P.O. BOX 775 • WEIMAR, TEXAS 78962
PHONE 409/725-9545 • TWX 910-880-5176 • FAX 409/725-6550

RECORDATION NO. 16529 FILED 1425

SEP 18 1989 -3 35 PM

INTERSTATE COMMERCE COMMISSION

September 15, 1989

9-261A084

Ms. Mildred Lee
Recordation Unit
INTERSTATE COMMERCE COMMISSION
12th & Constitution Avenue NW
Washington D.C. 20423

REF: TEIX 33501 AND 33502

Dear Ms. Lee:

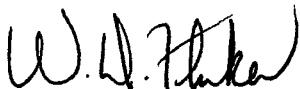
We are enclosing two (2) notarized copies of the security agreement between Transportation Equipment, Inc. debtor and Lewis P. Ensign secured party. This security agreement is the primary documentation for two (2) 33,500 gallon nominal capacity, DOT 1212-J-340-W, non coiled, and insulated tank cars to be initialled and numbered TEIX 33501 and TEIX 33502.

Also enclosed is our check for \$13.00 to cover the filing fee.

Thank you for your assistance in this matter.

Yours truly,

TRANSPORTATION EQUIPMENT, INC.



W.D. Fluker
Controller

WDF:nb

cc: Mr. Lewis P. Ensign
8000 Donore Place
Villa 33
San Antonio, TX 78229

SEP 18 3 20 PM '89
RECEIVED

Interstate Commerce Commission
Washington, D.C. 20423

9/21/89

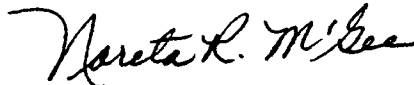
OFFICE OF THE SECRETARY

W.D. Fluker
Transportation Equipment Inc.
P.O.Box 775
Weimer, Texas 78962

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 9/18/89 at 3:35pm and assigned recordation number(s). 16529

Sincerely yours,



Noreta R. McGee
Secretary

Enclosure(s)

LEWIS P. ENSIGN

SECURITY AGREEMENT

16523
SEP 18 1989
INTERSTATE COMMERCE COMMISSION

Transportation Equipment, Inc., P. O. Box 775, Weimar, TX 78962, (hereinafter called "Debtor"), and Lewis P. Ensign of 8000 Donore Place Villa 33, San Antonio, Bexar County Texas, 78229 (hereinafter called "Secured Party"), agree as follows:

SECTION I. CREATION OF SECURITY INTEREST.

Debtor hereby grants to Secured Party a security interest in the Collateral described in Section II of this Security Agreement to secure performance and payment under Contract of Sale for Railroad Cars dated March 7, 1989, in the original amount of Fifty Thousand and No/100 dollars (\$50,000.00) (\$25,000.00 per car) (hereinafter called the "Indebtedness").

SECTION II. COLLATERAL.

The collateral of this Security Agreement shall hereby be referred to as Equipment ("Equipment") as defined in this Section II or as the Collateral ("Collateral"):

Equipment shall mean two (2) 33,500 gallon nominal capacity tank cars, DOT-112-J-340-W, non-coiled and insulated, 100-ton roller bearing truck, Registration TEIX 33501 and TEIX 33502, and all additions and accessions thereto.

SECTION III. PAYMENT OBLIGATIONS OF DEBTOR.

(1) Debtor shall pay to Secured Party the Indebtedness in accordance with the terms of the Contract of Sale for Railroad Cars evidencing the Indebtedness and in accordance with the terms of this Security Agreement.

(2) Debtor shall account fully and faithfully to Secured Party for proceeds from disposition of the Collateral and shall use such proceeds received by Debtor to retire the remaining balance of the debt to the Secured Party.

(3) Debtor shall pay to Secured Party on demand all expenses and expenditures, including reasonable attorney's fees and other legal expenses incurred or paid by Secured Party in exercising or protecting its interests, rights and remedies under this Security Agreement, plus interest thereon at the rate of ten percent (10%) per annum.

(4) Debtor shall pay immediately, without notice, the entire unpaid Indebtedness of Debtor to Secured Party, whether created or incurred pursuant to this Secured Agreement or otherwise, upon Debtor's default under Section V of this Security Agreement.

SECTION IV. DEBTOR'S WARRANTIES, REPRESENTATIONS AND AGREEMENTS

Debtor warrants, represents and agrees that:

(1) All information supplied and statements made by Debtor in any financial, credit or accounting statement or application for credit prior to, contemporaneously with or subsequent to the execution of this Security Agreement are and shall be true, correct, complete, valid and genuine in all material respects. Secured Party shall be entitled to inspect and review Debtor's current balance sheet at Debtor's corporate office. Such inspection and review shall be during normal working hours and with Secured Party's forty-eight (48) hour advance notice to Debtor. Such information as reviewed by Secured Party shall be marked "Confidential" by Debtor and Secured Party shall use such information accordingly.

(2) No Interstate Commerce Commission filing or financing statement or other filing covering the collateral or its proceeds is on file in any public office. Except for the security interest granted in this Security Agreement, there is no lien, security interest or encumbrance in or on the Collateral; and Debtor is the owner of the Collateral.

(3) Debtor's location is P. O. Box 775, Weimar, TX 78962. Debtor's location is Debtor's place of business.

(4) Debtor will promptly notify Secured Party in writing of any addition, change and/or discontinuance of (a) its address as shown at the beginning of the Security Agreement, (b) its location as set forth in this Security Agreement; and (c) its name or its identity.

(5) Debtor shall pay prior to delinquency all taxes, charges, liens and assessments against the Collateral and upon Debtor's failure to do so, Secured Party at its option may pay any of them and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Such payment shall become part of the Indebtedness secured by this Security Agreement and shall be paid to Secured Party by Debtor immediately and without demand, with interest thereon at the rate of ten percent (10%) per annum.

(6) Debtor will have and maintain or cause to be maintained insurance with respect to all equipment.

(7) The Equipment.

(a) The Equipment will be used primarily for business use and for leasing to responsible and credit-worthy third parties.

(b) The Equipment will not be misused or abused, wasted or allowed to deteriorate, except for the ordinary wear and tear of its intended primary use, and will not be used in violation of any statute or ordinance.

(8) Debtor shall, at its expense, do, make, procure, execute and deliver all acts, things, writings and assurances as Secured Party may at any time require to protect, assure or enforce its interests, rights and remedies created by, provided in or emanating from this Security Agreement.

SECTION V. EVENTS OF DEFAULT.

Debtor shall be in default under this Security Agreement upon the happening of any of the following events or conditions (herein called an "Event of Default"):

(1) Debtor's failure to pay when due any Indebtedness secured by this Security Agreement.

(2) Default by Debtor in the punctual performance of any of the obligations, covenants, terms or provisions contained in or referred to in this Security Agreement or in the Contract of Sale For Railroad Cars.

(3) Any warranty, representation, or statement contained in this Security Agreement, or made or furnished to Secured Party by or on behalf of Debtor in connection with this Security Agreement proves to have been false in any material respect when made or furnished.

(4) Debtor's dissolution, termination of existence, insolvency or business failure; the appointment of a receiver of all or any part of the property of Debtor; an assignment for the benefit of creditors by Debtor; the calling of a meeting of creditors of Debtor; or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Debtor or any guarantor, surety or endorser for Debtor.

(5) Any statement of the financial condition of Debtor submitted to Secured Party proves to be false in any material respect.

SECTION VI. SECURED PARTY'S RIGHTS AND REMEDIES.

A. Rights Exclusive of an Event of Default.

(1) Secured Party may inspect the Collateral and Debtor's records pertaining to the Collateral from time to time, and Debtor shall assist Secured Party in making any such inspection.

B. Remedies in the Event of Default.

(1) Upon the occurrence of an Event of Default and at any time thereafter, Secured Party may declare all obligations secured hereby immediately due and payable and shall have the rights and remedies of a Secured Party under

the Uniform Commercial Code of Texas, and as otherwise permitted by law, and in addition thereto and cumulative thereof, the following rights: the right to sell, lease, or otherwise dispose of any or all of the Collateral and the right to take possession of the Collateral, and for that purpose Secured Party may enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom; Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold in a recognized market, Secured Party will send Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or other disposition thereof is to be made. The requirement of sending reasonable notice shall be met if such notice is mailed, postage prepaid, to Debtor at the address designated at the beginning of this Security Agreement at least five (5) days before the time of sale or disposition. Expenses of retaking, holding, preparing for sale, selling or the like shall include Secured Party's reasonable attorney's fees and legal expenses, and Debtor agrees to pay such expenses, plus interest thereon, at the rate of ten percent (10%) per annum. Debtor shall remain liable for any deficiency.

(2) Secured Party may remedy any default and may waive any default without waiving the default remedied or without waiving any other prior or subsequent default.

(3) The remedies of the Secured Party hereunder are cumulative, and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any of the other remedies of Secured Party.

SECTION VII. ADDITIONAL AGREEMENTS.

(1) The term "Debtor" as used in this instrument shall be construed as singular or plural to correspond with the number of persons executing this instrument as Debtor. The pronouns used in this instrument are in the neuter gender but shall be construed as feminine or masculine as occasion may require. "Secured Party" and "Debtor" as used in this instrument include the heirs, executors and administrators, successors, representatives, receivers, trustees and assigns of those parties.

(2) The section headings appearing in this instrument have been inserted for convenience only and shall be given no substantive meaning or significance whatsoever in construing the terms and provisions of this instrument. Terms used in this instrument which are defined in the Texas Uniform Commercial Code are used with the meanings as therein defined.

(3) The law governing this secured transaction shall be that of the State of Texas in force at the date of this instrument.

EXECUTED this 30th day of March, 1989.

DEBTOR:

SECURED PARTY:

TRANSPORTATION EQUIPMENT, INC.

LEWIS P. ENSIGN

By: [Signature]
Title: Vice President

✓ By: [Signature]

ATTEST:
[Signature]

SINGLE ACKNOWLEDGMENT

THE STATE OF TEXAS

COUNTY OF Colorado
on this day personally appeared Hugo C. Helmcamp BEFORE ME, the undersigned authority, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 30th day of MARCH A.D. 1989.

Notary Public in and for Colorado County, Texas.